

STATE OF WASHINGTON

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BULLETIN

ATTENTION: HEALTH CARE SERVICE CONTRACTORS,
HEALTH MAINTENANCE ORGANIZATIONS AND
LIFE AND DISABILITY INSURERS

No. 88-4

July 27, 1988

Subject: CHANGES TO MEDICARE SUPPLEMENT RATES AND FORMS

President Reagan has signed The Medicare Catastrophic Coverage Act of 1988 which makes sweeping changes to the existing Medicare laws. In addition to changes in Medicare benefits, this legislation has directed the National Association of Insurance Commissioners (NAIC) to propose new federal standards for Medicare Supplement policies, as well as rules for an orderly transition from the old federal standards to the new.

The new law requires the adoption of the new model regulations by the NAIC by October 3, 1988. The states are then required to effectuate the new model by January 1, 1989. Each state's new Medicare Supplement laws must be at least as favorable to the insured as the NAIC model.

Although it has not yet been determined what the new standards will require, in general, all medicare supplement policy forms and rates will require significant modifications by January 1, 1989.

Both insurance regulators and the insurance industry are in for a whirlwind of activity during the next few months. Until the new rules are actually adopted, no one knows what the acceptable standards for Medicare Supplement policies will be. I have determined, therefore, that changes in medicare supplement rates and forms will not be accepted until we all have a better understanding of the impact of the new laws.

Although it is recognized that this may pose a very short-term hardship on some companies, I am concerned that any changes made at this time, will only serve to confuse the senior citizens of the state of Washington because the rates and forms will soon become obsolete. Therefore, effective immediately, I have directed our Rates and Forms Section to disapprove Medicare Supplement filings until the new rules are in place.

DICK MARQUARDT
Insurance Commissioner